

Japanese Carbon & Alloy Flat Product Exclusion Request**Product Category:** Cold-Rolled Steel (#4)

| | | |
|-----|--|--|
| (a) | Product Designation/HTS | <u>Ultra Flat Cold-Rolled Steel</u> 7209.18.25.50 |
| (b) | Product Description | Coiled tin mill black plate for automotive brakeline tubing, per ASTM A625 specification, vacuum degassed, with the following ladle analysis: 0.02-0.05% carbon, 0.18-0.45% (aim 0.30%) manganese, 0.015% maximum phosphorus, 0.025% maximum sulfur, 0.10% maximum copper, and 0.020-0.075% aluminum. The gauge is 0.0136 inch, with centerline gauge tolerance of 0.0003 inch and within-coil variation not to exceed 0.0004 inch total and the crown of the coil shall not exceed .0004 inch when measured along any straight line across the width of the coil. Other physical characteristics are as follows: T1 or T3 temper, 52-62 Rockwell for T3 or 45-52 for T1, continuously annealed (for T3 only), 25-65 microinch Ra profilometer range; matte surface finish; camber per ASTM A625 (aiming 1/2 standard tolerance); slit edge minus 0, +1/8 maximum, and edge burr 0.002 inch maximum. |
| (c) | Basis for Exclusion | See text below |
| (d) | Names and Location of U.S. and Foreign Producers | See Attachment A |
| (e) | U.S. Consumption | See Attachment B |
| (f) | U.S. Production | See Attachment B |
| (g) | Substitutable Products | See Attachment C |

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Willkie Farr & Gallagher

Ultra flat cold-rolled steel is another specialized cold-rolled steel product that should be excluded from any safeguards recommendation. Ultra flat cold-rolled steel is a tin mill black plate product that is used in the production of brake line tubing. Marubeni-Itochu Steel America Inc. imports this product from Japan on behalf of Bundy North America because no U.S. producer is able to make this product to meet Bundy's stringent specifications. Bundy manufactures brake line tubing to carry brake fluid through the braking systems of automobiles. Needless to say, product failure due to poor quality could be catastrophic to highway safety.

Bundy North America – a division of TI Automotive – is one of the world’s leading brake line tubing manufacturers with gross revenues of approximately \$300 million per year. TI Automotive is a \$2.2 billion enterprise that is the only global supplier of fully integrated fuel storage and delivery systems, as well as the leading supplier of fluid carrying systems for braking and powertrain applications. Bundy’s headquarters and tube manufacturing facility is located in Warren, Michigan, which uses ultra flat cold-rolled steel to produce the brake line tubing. Bundy has nine other further manufacturing facilities throughout the United States, which assemble braking systems using Bundy’s double-walled tubing.

Bundy North America produces about 75 percent of all the brake line tubing used by the U.S. automotive industry.¹ Bundy has been purchasing ultra flat cold-rolled steel from [] for approximately 20 years. Nevertheless, Bundy has been continuously testing domestic coils with little or no success. Consequently, if ultra flat cold-rolled steel is not excluded Bundy would be unable to satisfy the automotive industry’s rigid quality demands for safe and reliable braking systems.

Bundy can only purchase ultra flat cold-rolled steel from offshore because no U.S. producer is capable of producing this product to meet Bundy’s specifications. The strict tolerances and specifications of this special type of tin mill black plate are essential to the performance and safety of the brake line tubing and the entire braking system used on all vehicles produced in the United States.

There is no possibility of another type of cold-rolled steel product to be used for brake line tubing. In particular, Bundy requires a highly pure vacuum degassed material with very tight tolerances. Bundy slits the cold-rolled coils and then coats the material with copper. The coils are slit again to 1 inch wide for roll forming into double-walled tubes with layers of copper and steel. Then, the tube is fed into a brazing furnace, and heated to melt the copper. After cooling, the copper solidifies to create a seamless tube; the steel provides the necessary strength. Every tube must undergo ultra sonic testing to ensure that there are no holes, which can be caused by air pockets or other imperfections in the steel. Only those tubes that are defect free can be used in automotive braking systems. Therefore, the quality of the steel raw material is essential.

Furthermore, the tin mill black plate used for this purpose must be very flat and consistent across the coil. Thickness variation cannot exceed 0.0004 inch and the crown of the coil must not exceed 0.0002 inch when measured along any straight line across the width of the coil.² An average coil is 12,500 linear feet long, and Bundy requires that the crown not vary by more than 0.0003 inches along the full length of the coil. Standard cold-rolled steel grades (ASTM A568 for example) have a thickness tolerance of only 0.004 inches and crown tolerance of 0.002 inches. Any variation outside Bundy’s tolerances could cause misalignment during the production process, weakening the brake line. Misalignment, in turn, could lead to ruptures in

¹ See Affidavit of Robert Cavalli, Bundy North America (**Attachment D**).

² The “crown” refers to variation of thickness across a coil. Normally, when steel is manufactured, the center is thicker than the edges, which is the crown.

the tube and a loss of pressure in the braking system. This would lead to a loss of braking power – a serious safety hazard.

Furthermore, imported ultra flat cold-rolled steel is typically more expensive than U.S. cold-rolled steel. As shown in **Attachment B**, the unit price for ultra flat cold-rolled steel from Japan ranged from [] during the period of investigation. Compare these prices to pricing data collected by the Commission for selected pricing products which are intended to be representative of U.S. prices of cold-rolled steel products in general.³ This attachment demonstrates the [] overselling of these specialty products imported from Japan. Imports of high-priced specialized products have no detrimental effect on the domestic industry. Therefore, the USTR should exclude ultra flat cold-rolled steel from any 201 remedy.

³ See ITC's Staff Report at Table FLAT-70, FLAT-71 (public version).

Attachment A

Foreign Producers

(1) []

- Address: []
- Phone: []
- Fax: []

Domestic Producers

- No Known Domestic Producers

COLD-ROLLED**Ultra-Flat Cold-Rolled Steel**

| Quantity | | | | | | January - June | | Projections | | | | |
|-------------------------------------|-------------|-------------|-------------|-------------|-------------|-----------------------|-----------------|--------------------|-------------|-------------|-------------|-------------|
| Company | 1996 | 1997 | 1998 | 1999 | 2000 | YTD 2000 | YTD 2001 | 2001 | 2002 | 2003 | 2004 | 2005 |
| [| 0 | 15,632 | 10,031 | 16,938 | 7,326 | 2,127 | 5,469 | 7,326 | 7,326 | 7,929 | 7,326 | 7,326 |
| Total | 0 | 15,632 | 10,031 | 16,938 | 7,326 | 2,127 | 5,469 | 7,326 | 7,326 | 7,929 | 7,326 | 7,326 |
|] | | | | | | | | | | | | |
| Value * | | | | | | January - June | | Projections | | | | |
| Company | 1996 | 1997 | 1998 | 1999 | 2000 | YTD 2000 | YTD 2001 | 2001 | 2002 | 2003 | 2004 | 2005 |
| [| 0 | 7,337,463 | 4,961,157 | 7,618,050 | 3,478,918 | 1,048,293 | 2,283,870 | 3,478,918 | 3,478,918 | 3,478,918 | 3,478,918 | 3,478,918 |
| Total | 0 | 7,337,463 | 4,961,157 | 7,618,050 | 3,478,918 | 1,048,293 | 2,283,870 | 3,478,918 | 3,478,918 | 3,478,918 | 3,478,918 | 3,478,918 |
|] | | | | | | | | | | | | |
| Unit Price | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | | | |
| U.S. Production | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Imports from Other Countries | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total U.S. Consumption | | | | | | | | | | | | |
| [Quantity | 0 | 15,632 | 10,031 | 16,938 | 7,326 | 2,127 | 5,469 | 7,326 | 7,326 | 7,929 | 7,326 | 7,326 |
| [Value | 0 | 7,337,463 | 4,961,157 | 7,618,050 | 3,478,918 | 1,048,293 | 2,283,870 | 3,478,918 | 3,478,918 | 3,478,918 | 3,478,918 | 3,478,918 |
|] | | | | | | | | | | | | |

Attachment C

Known Substitutable Products: None

U.S. Production: None

U.S. Producers: None



**MARUBENI
ITOCHU
STEEL**

Attachment D

PUBLIC VERSION

The Honorable Donna R. Koehnke
Secretary
U.S. International Trade Commission
500 E Street, S.W.
Washington, DC. 20436

Oct 26th, 2001

Dear Madame Secretary:

I would like to take this opportunity to explain some of the history concerning the importation of TMBP for automotive usage. TI Group Automotive Systems (Bundy Corp.) and Marubeni-Itochu Steel Inc. (Marubeni Corp.) have a very long history together working together to constantly improve the total concept of the brake line tubing applications. Both companies have developed processes and techniques that have helped improve the overall safety of the braking systems used today in the automotive industry. Both companies are very proud that they have had a true partnership in this very critical field of brake line tubing for automotive use.

We have always been under pressure from the U.S. domestic steel industry and various federal agencies related to antidumping trade restrictions, for example, but we have continued to work on developing this niche market of TMBP for automotive use. This market is approximately 15,000-25,000 m/t per year and truly does not injure any USA domestic steel mill because basically they have no interest in this business. This is a specialty item and should be excluded from all Section 201 action as well as the anti-dumping suits filed by the domestic steel industry.

In 1999 we had an anti-dumping suit filed by the domestic steel industry and the petitioners explained in their opening testimony before the U.S.I.T.C. on June 23rd that between 90 and 97 percent of all the tin mill black plate produced by the integrated mills in the U.S. was used internally to produce various other tin mill products for the can industry. The domestic mills only sell about 5 percent of their production to the commercial market and those customers are barrel manufacturers, decorative can makers, etc. They definitely do not sell to the automotive industry and not for brakeline tubing.

Our client produces about 75 percent of all the brake line tubing used by automotive industry in the U.S. and they have been purchasing this product from Kawasaki Steel Corp. of Japan for approximately 20 years. Prior to buying this product from Japan they purchased from various domestic mills as well as Stelco of Canada. Unfortunately Stelco of Canada no longer produces this product and Bundy cannot obtain the consistent quality from domestic mills required to produce brake line tubing to meet the U.S. automotive requirements.

PUBLIC VERSION



MARUBENI
ITOCHU
STEEL

PUBLIC VERSION

One of the major reasons that the cold-rolled steel pricing has deteriorated in the U.S. is not due to the importation of cold-rolled steel but from the fact that the domestic mills have added capacity by 10 million tons per year, which is driving the prices down. It is not the insignificant amounts of imported cold-rolled steel, which is less than ten percent of the total market (45-50 million tons per annum).

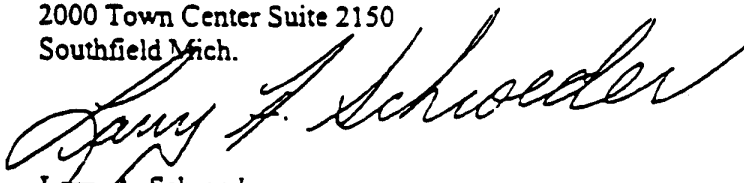
The Longshoreman's Union and the U.S. Port Authorities join us in trying to stop the antidumping suits as it will also adversely effect their jobs as free trade and imports are restricted. As a matter of information these groups have a total membership far greater than the U.S.W. (United Steel Workers).

We would like you to support our position and recommend that the tin mill black plate for brake line tubing should be dropped from these proceedings. It is very obvious that the domestic industry cannot consistently produce this product nor do they have any intention to upgrade their mills to be able to hold the tolerances required to produce the substrate for the production of brake line tubing required by the U.S. automotive industry.

Our client, TI Group Automotive Systems (Bundy Corp.) has been testing domestic mills' TMBP constantly 1992 through 2000. Most of the coils supplied by the domestic mills have failed. This means that if our specialty product is not excluded from the Section 201 case, TI Group Automotive Systems could not meet the automotive industry's demand for brake line tubing. Our customer cannot afford to compromise on the quality of its raw materials. Poor quality steel means inferior brake line tubing, which risks failure of brake systems.

In the event I can be of any further assistance or furnish you with any additional information or specifications please contact me at your convenience at Marubeni-Itochu Steel America Inc., 248-355-6458.

Marubeni-Itochu Steel America Inc.,
Detroit Office
2000 Town Center Suite 2150
Southfield Mich.



Larry A. Schroeder

PUBLIC VERSION

Marubeni-Itochu Steel America Inc. 2000 Town Center, Suite No 2150, Southfield, MI 48075 Tel 248-353-7060 Fax 248-353-0649

TI Automotive

PUBLIC VERSION

TI Group Automotive Systems LLC
12345 East Nine Mile Road
Warren, Michigan 48090-2001

Telephone: 810-758-4511

AFFIDAVIT OF

ROBERT J. CAVALLI OF TI GROUP AUTOMOTIVE SYSTEMS, LLC

I, Robert Cavalli, declare and state to the best of my knowledge, information, and belief, that:

1. I am Vice President, Global Purchasing for TI Group Automotive Systems, LLC (formerly Bundy Corporation). TI Automotive is a major U.S. producer of brakeline tubing for automotive applications, supplying 75 percent of all brakeline tubing produced in the United States and approximately 65 percent of automotive brakeline tubing produced globally. Since this tubing carries brake fluid through the brake system, safety is our primary concern. We insure safety and reliability of our product by purchasing only the highest quality steel products. TI Automotive currently produces copper plated brakeline tubing using vacuum degassed tin mill blackplate imported from Japan.
2. The product that TI Automotive purchases is defined as follows:

Coiled tin mill black plate for automotive brakeline tubing, per ASTM A625 specification, vacuum degassed, with the following ladle analysis: 0.02-0.05% carbon, 0.18-0.45% (aim 0.30%) manganese, 0.015% maximum phosphorus, 0.025% maximum sulfur, 0.10% maximum copper, and 0.020-0.075% aluminum. The gauge is 0.0136 inch, with centerline gauge tolerance of 0.0003 inch and within-coil variation not to exceed 0.0004 inch total and the crown of the coil shall not exceed .0004 inch when measured along any straight line across the width of the coil. Other physical characteristics are as follows: T1 or T3 temper, 52-62 Rockwell for T3 or 42-52 for T1, continuously annealed (for T3 only), 25-65 microinch Ra profilometer range; matte surface finish; camber per ASTM A625 (aiming 1/2 standard tolerance); slit edge minus 0, -1/8 inch maximum, and edge burr 0.002 inch maximum.
3. TI Automotive slits the master coils and plates the strip with copper. The plated coils are slit again to a width of only 1 inch. The slit and plated strip is roll formed into tubes creating a double walled tube with layers of copper and steel. The tubes are then heated, melting the copper, to form a bond between the copper and steel. Gauge control and surface condition are critical to this process. If the strip gauge varies excessively, the walls of the brake tube cannot be properly aligned. A failure in this production mode can lead to ruptures in the tube and loss of pressure in the braking system. Without supply of tin mill black plate within very strict gauge tolerances, TI Automotive would be unable to manufacture brakelines to the rigid automotive standards.
4. Currently TI Automotive purchases approximately 15,000-18,000 tons per year of tin mill black plate manufactured by Japanese mills. TI Automotive purchased from domestic mills in the 1970s, but by the early 1980s, we were no longer able to purchase from these sources because domestic mills did not consistently meet the gauge tolerances or cleanliness requirements. TI Automotive has continued to test coils of domestically produced tin mill blackplate during the 1992-2000 time frame, but the majority of these trials have failed to meet our strict gauge tolerance requirements. Since 1999 TI Automotive has been working with a domestic mill in an effort to purchase tin mill black plate domestically. While we have been able to use the domestic product in an older process, we have not been able to successfully use the product in our process utilizing newer technology which requires even tighter gauge tolerance and surface flatness.

PUBLIC VERSION

PUBLIC VERSION

Robert J. Cavalli

Robert J. Cavalli, Vice President Global Purchasing
TI Group Automotive Systems, LLC

Dated: October 26, 2001

Subscribed and sworn to before me this 26th day of October, 2001.

Laura S. Hawes
Notary Public

LAURA S. HAWES
Notary Public, Macomb County, MI
My Commission Expires 10/01/2002

My commission expires: 10/01/2002

PUBLIC VERSION